

Auditor's Report to Colchester Borough Council

I have audited the statement of accounts on pages 1 to 50 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 2 to 5.

Respective Responsibilities of Borough Treasurer and Auditor

As described on page 1 the Borough Treasurer is responsible for the preparation of the statement of accounts. My responsibilities as an independent auditor are established by statute, the Code of Audit Practice issued by the Audit Commission and my professional ethical guidance.

I report to you my opinion as to whether the statement of accounts presents fairly the financial position and results of operations of the Council.

Basis of Opinion

I carried out my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant audit standards.

My audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I consider necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material mis-statement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts.

Opinion

In my opinion the statement of accounts presents fairly the financial position of Colchester Borough Council at 31 March 2001 and its income and expenditure for the year then ended.

Certificate

I have carried out the audit of accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission. The audit cannot be formally concluded and an audit certificate issued until an investigation arising from an objection by an elector to the 1999/2000 accounts has been formally completed. I am satisfied that the amount which is the subject of the objection will not have a material effect on the statement of accounts.

Wendy Borgartz
Audit Manager
District Audit
Springvale Court
Hadleigh Road
Sproughton, Ipswich
Suffolk, IP8 3AS

12 October 2001

CONTENTS

	Page No.
Summary of Financial Statements	i
Introduction - 2000/2001 Financial Year	ii-iv
Statement of Responsibilities	1
Statement of Accounting Policies	2
Consolidated Revenue Account	6
Housing Revenue Account	17
Direct Service Organisation - Summary Revenue Account	21
Collection Fund	24
Capital Expenditure and Financing	28
Consolidated Balance Sheet	30
Statement of Total Movements in Reserves	40
Cash Flow Statement	42
Port Health Authority Accounts	45
Trust Fund Accounts	46
Report of the Auditors	51



SUMMARY OF FINANCIAL STATEMENTS

Statement of accounting policies (page 2)

This explains how the figures are calculated.

Consolidated Revenue Account (page 6)

This shows the cost of the major functions for which we are responsible. It compares this with the money raised from charges, from the Collection Fund and from central government.

Housing Revenue Account (page 17)

By law, we must account separately for our housing provision. This account shows the main areas of housing revenue spending - maintenance, administration, housing benefit and capital finance costs - and how this is paid for from rents, subsidies and other income.

Direct Service Organisations - Summary Revenue Account (page 21)

There are separate accounts for Colchester Direct Service and Colchester Leisure World. They show the total spending and income from charges mostly made to services shown in the Consolidated Revenue Account.

Collection Fund Accounts (page 24)

These are transactions covering Council Tax and National Non-domestic Rates, showing how these have been distributed to precepting authorities, including Colchester Borough Council.

Capital expenditure and financing (page 28)

This shows the main items of spending and how they are paid for.

Consolidated Balance Sheet (page 30)

This shows the balances and reserves available to the Council and its long-term debts, net current assets and a summary of fixed assets. It does not cover trust funds. This information is essential for understanding our year-end financial position.

Statement of total movements in reserves (page 40)

This brings together all recognised gains and losses, and identifies those which are shown in the consolidated revenue account. Movements between revenue and capital reserves are shown separately.

Cash Flow Statement (page 42)

This summarises the cashflows for capital and revenue spending, and the cashflows used to pay for these.

Trust fund accounts (page 46)

These are the accounts of various funds for which the Council is trustee.

6. Colchester New Theatre Trust

The Colchester New Theatre Trust was established by Trust Deed on 5 April 1969 for the purpose of raising funds by public subscription in order to finance the building of a new theatre for Colchester and from then on to be responsible for the maintenance and upkeep of the building.

The Council became the sole Corporate Trustee of this charity from 9 October 1998.

The Trust is responsible for Mercury House together with the Mercury Theatre buildings.

FINANCIAL ACTIVITIES STATEMENT YEAR ENDED 30 SEPTEMBER 2000

	1999/2000 £	1998/1999 £
Fund balances 1 October	214,099	209,326
Add:		
Donations	-	6
Investment income	5,186	5,160
	219,285	214,492
Less:		
Management/Admin expenses	430	393
Balance as at 30 September 2000	218,855	214,099

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	1999/2000 £	1998/1999 £
Fixed Asset		
Mercury House at cost	83,383	83,383
Current Assets		
Cash at Bank	85,860	81,468
Deposit - Colchester Mercury Theatre	50,000	50,000
Income tax recoverable	12	12
	219,255	214,863
Current liabilities		
Sundry creditors	400	764
Total net assets	218,855	214,099
<i>Represented by:</i>		
Unrestricted funds		
Designated funds:		
Capital Reserve	83,383	83,383
Sinking Fund	80,000	80,000
Other charitable funds	55,472	50,716
	218,855	214,099

■ 5. Colchester Lying-in-Charity

This charity enables one-off grants to be paid to unmarried mothers for such as prams, cots, etc. Payments have not usually exceeded £250. Twenty four grants were paid in 2000/2001.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	2000/2001 £	1999/2000 £
Balance as at 1 April	12,788	12,509
Add:		
Interest received	324	338
Dividends	691	691
	13,803	13,538
Less:		
Grants paid	3,876	750
Balance as at 31 March	9,927	12,788

BALANCE SHEET AS AT 31 MARCH 2001

	2000/2001 £	1999/2000 £
Assets:		
Investments	19,556	21,944
Cash at Bank	8,527	11,388
Represented by Accumulated Fund	28,083	33,332

Please note: The investments are in Treasury Stock and the Charities Official Investment Fund.

Revenue spending is generally on items used during the year, and is paid for by Council Tax, Business Rates, Government grants and other income.

During the year the net General Fund spending was £17.1 million before the return to revenue of a £0.6 million surplus from the Insurance Provision. This was met by the precept on the Collection Fund, and Government grants. An increased contribution from balances of 1.1 million was agreed.

	Original Estimate £m	Actual £m
Total Net Spending for the Year	16.6	17.1
<i>Met by:</i>		
Collection Fund Precept	5.9	5.9
Collection Fund transfer	-	-
Government Grants	10.1	10.1
Contribution from/(to) balances	0.6	1.1
Total Financing	16.6	17.1

The one off surplus of £0.6 million from the Insurance Provision was returned to revenue giving a net contribution from balances of £0.5 million.

General Fund balances now stand at £2.85 million, of which £1.86 million are uncommitted. They are used as a working balance and to support future spending plans.

Capital spending is on items which have value to the Council or the community for more than a year, and is generally met from loans, revenue or the proceeds of sale of capital assets.

The Council's capital spending was £7.3 million, £2.0 million less than programmed. This shortfall was mainly due to spending on schemes being rescheduled into the following financial year. About 57% of capital spending was paid for by borrowing, which is repaid by a charge, known as "minimum revenue provision" to the appropriate revenue account. This provision is calculated as a set percentage of the Council's "credit ceiling", as defined in the Local Government and Housing Act 1989 (LGHA). Other capital spending was financed from capital receipts from the sale of assets and from grants and contributions.

The Housing Revenue Account

The Council is the major provider of rented housing in the Borough and manages approx. 7,000 properties. The Housing Revenue Account financial statement (page 17) shows a surplus of £1,271,600 at the end of the year. Various planned maintenance programmes have rolled over into 2001/02 and so estimate balances of £285,700 have been carried forward.

Direct service organisations (Colchester Direct Services and Colchester Leisure World) these trading accounts were previously required to break even, after meeting:

- a capital financing charge of 6% on the value of fixed assets
- depreciation charges based on the replacement of value of fixed assets
- a financing charge of 6% on stock balances held.

They are now subject to Best Value along with the rest of the Council.

Preparations for the Introduction of Economic & Monetary Union (Euro)

Given the uncertainty of when and if the Euro will be introduced into the United Kingdom, Colchester Borough Council has not made any budgetary provision in either 2000/2001 or 2001/2002 for its introduction.

Reports have been made to the Corporate Management Team about the possible impact of the Euro on the operation of the Council.

Advice has also been given on considering the possible introduction of the Euro when acquiring cash handling machinery and computer applications.

Further action will be taken as necessary.

Outlook

The Council has General Fund balances of £2.85 million at 31 March 2001. £0.99 million of this is needed to pay for schemes carried over from 2000/2001 and to support spending plans for 2001/02.

The Council has undertaken a fundamental review of its need for balances since the end of the year. A detailed examination of eventualities or risks that could require the use of balances points to the need for a minimum level of £1.7 million (equivalent to 3.1% of current gross spending). The Council has decided to hold £2.8 million (5% of current gross spending) in balances with the additional £1.1 million being available if required to meet changed management costs and to allow for investment opportunities.

In recent years processes of Priority Based Budgeting and Budget Review have delivered, successfully, savings approaching £5 million. Some of these savings have been used to meet new statutory and contractual requirements as well as to improve services. For the coming budget a new approach has been agreed which will enhance future financial planning through a Medium Term Financial Strategy. This will utilise more developed service plans to implement the policy priorities identified in the Corporate Plan and will encourage ownership of the process by the Council's Cabinet. Arrangements are being considered for the introduction of a consultation process on budget options and related Council Tax levels.

The Medium Term Financial Strategy (MTFS) predicts the Council's spending needs and likely income from fees and charges and Government grants as well as from Council Tax. For next year (2002/03) indicative budget guidelines have been set for each spending Portfolio. After assumptions about additional income the operation of these guidelines will ensure that the Council balances its budget.

Over the period of the MTFS resources will be reallocated to Portfolios to reflect the policy priorities set out in the Corporate Plan and to take account of the action plans agreed as part of Best Value reviews of services.

Robust financial forecasting and sound financial planning together with the provision of relevant and timely financial information will be vital in assisting the Council to meet its objectives.

3. Sir Thomas White's Charity

This charity was originally set up to make interest-free loans to the Freemen of Colchester to assist them in setting themselves up in business. The Council has obtained custody of the fund, which has been dormant for a number of years.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	2000/2001 £	1999/2000 £
Balance as at 1 April	2,767	2,435
Add: - Interest received	66	40
- Dividends	292	292
Balance as at 31 March	3,125	2,767

BALANCE SHEET AS AT 31 MARCH 2001

	2000/2001 £	1999/2000 £
Assets: - Investments	7,344	7,539
- Cash at Bank	3,125	2,767
Represented by Accumulated Fund	10,469	10,306

Please note: The investments are in War Stock, Charinco and Charishare (special investments for charities).

4. Old British School Trustees

This charity was originally set up to promote the education of boys and young men under 25 years of age resident in the Borough, or to assist their entry into a profession.

No use of the funds in this account have been made for some years, and the charity is to be transferred to Essex County Council.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	2000/2001 £	1999/2000 £
Balance as at 1 April	5,839	5,529
Add:		
Interest received	76	52
Dividends	258	258
Balance as at 31 March	6,173	5,839

BALANCE SHEET AS AT 31 MARCH 2001

	2000/2001 £	1999/2000 £
Assets:		
Investments	7,502	8,481
Cash at Bank	5,144	4,810
Represented by Accumulated Fund	12,646	13,291

Please note: The investments are in the Charities Official Investment Fund.

■ 2. Albert Museum and Art Gallery

The proceeds from the sale of this building, left in trust to the Council, have been invested; the interest is currently used to support the running costs of Tymperleys. The market value of the investments as at the 31 March 2001 was £396,389. A further sum of £52,739 was held on deposit pending transfer to the Tymperleys account.

RECEIPTS & PAYMENTS ACCOUNT FOR YEAR ENDED 31 MARCH 2001

	2000/2001 £	1999/2000 £
Balance as at 1 April	47,896	39,635
Add: - Interest on investments	18,174	19,575
- Interest on balance	2,642	3,348
	68,712	62,558
Less: - Distribution to Tymperleys	15,973	14,661
Balance as at 31 March	52,739	47,897

BALANCE SHEET AS AT 31 MARCH 2001

	2000/2001 £	1999/2000 £
Assets: - Investments	396,389	441,920
- Cash at Bank	52,739	47,897
Represented by Accumulated Fund	449,128	489,817

Please Note: The investments are in the Charities Official Investment Fund (COIF) and with Colchester Borough Council.

Other Information

This *Statement of Accounts* is one of a number of publications giving information on the Council's finance and other activities.

Other publications include:

- *Annual Report and Performance Indicators* - a review of the work of the Council and its performance against national indicators, published as a supplement to the autumn edition of the Council's newspaper *The Courier*.
- *Best Value Performance Plan* - summarising the Council's strategic objectives and corporate priorities, service performance and targets.

We also produce a wide range of other publications including *A Guide to the Council*, an *A-Z of Services* and other service-specific booklets and leaflets, available from Council offices at Angel Court and Lexden Grange, from public libraries and the Visitor Information Centre.

Members of the public are welcome to attend Council, Cabinet and Panel meetings. You may also address meetings under the *Have your say!* scheme. Information about meetings, agendas and copies of Council minutes are available from Council offices or by telephoning Colchester 282233.

We will promote equity and equal opportunity of access and participation for everyone, whatever their personal circumstances. We will allocate and spend money on services as fairly as possible according to the needs of the community. We will set out clear standards for services so that everyone knows what to expect. We will write our publications in plain English and offer translations, large print or a reading service where needed.

For more information about these accounts, please contact:
Andrew Wilks, Corporate Finance, Angel Court, High Street, Colchester, C01 1QY.
 Telephone: Colchester (01206) 282355.
 E-mail: andy.wilks@colchester.gov.uk

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The authority's responsibilities

The authority must:

- make arrangements for the proper administration of its financial affairs and make one of its officers responsible for the administration of those affairs. In this authority, that officer is the Borough Treasurer.
- manage its affairs to bring about economic, efficient and effective use of resources and to safeguard its assets.
- approve the statement of accounts.

The Borough Treasurer's Responsibilities

The Borough Treasurer is responsible for preparing the authority's statement of accounts under the proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice').

In preparing this Statement of Accounts, the Borough Treasurer has:


- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code.

The Borough Treasurer has also:

- kept proper accounting records which were up to date
- taken reasonable steps to prevent and detect fraud and other irregularities.

Borough Treasurer's Certificate

I certify that the accounts set out on pages 1 to 50 present fairly the financial position of the Council at 31 March 2001 and the income and expenditure for the year then ended.


 Robin Paddock BSc, CPFA
 Borough Treasurer
 17 August 2001

TRUST FUND ACCOUNTS

The Council acts as trustee for a number of funds. These accounts are detailed below.

■ 1. *The Resident Freemen's Fund*

This fund is administered by the Council on behalf of the Freemen of the Borough.

RECEIPTS & PAYMENTS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	1999/2000 £	1998/1999 £
Balance as at 1 October	795	758
Add:		
Interest on investments	288	288
Bank Interest	32	39
	1,115	1,085
Less:		
Administration & distribution expenses	39	35
Subscription	-	15
Distribution to Freemen	540	240
Balance as at 30 September	536	795

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	1999/2000 £	1998/1999 £
Assets		
Investments	5,694	5,537
Cash at Bank	536	795
Represented by Accumulated Fund	6,230	6,332

Please note: Investments are stated at market value as at 30 September 2000. These investments are Bank of England 2½% Consolidated Stock with a nominal value of £11,511.46.

These are the accounts of the Port Health Authority which is an independent authority administered by Colchester Borough Council on behalf of itself and Tendring District Council.

REVENUE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2001

	2000/2001 £	1999/2000 £
Income:		
Certificate of Deratting Fees	-	65
Recovered from Riparian Authorities		
Colchester Borough Council	2,800	2,913
Tendring District Council	382	397
Bank Interest	32	19
Total Income	3,214	3,394
Expenditure:		
Administration Expenses	2,914	3,011
Subscription Payments & Licences	300	383
Gross Expenditure	3,214	3,394
Net Expenditure	-	-

BALANCE SHEET AS AT 31 MARCH 2001

	2000/2001 £	1999/2000 £
Current Assets:		
Cash	1,531	1,499
Tendring District Council	66	84
Current Liabilities:		
Colchester Borough Council	(1,597)	(1,583)
Net Current Assets	-	-

■ 1. General

The accounts have been drawn up in keeping with the revised Code of Practice on Local Authority Accounting in Great Britain (2000). This is recognised by law as representing proper accounting practices.

Our accounting policies have been set so that they follow the recommended accounting principles and practices as specified in the Code of Practice on Local Authority Accounting. The exception to this is:

The pension costs that are charged to the Council's accounts for its employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise from certain pensions paid to retired employees that are not based on contributions made.

These costs have been based on contribution rates that are set under the relevant Government regulations. The Council does not keep to the accounting requirements of SSAP24, 'Accounting for Pension Costs', and the liabilities in the balance sheet for pension costs are understated. Following standard accounting practice for local authorities, the pension costs that would have been shown in the accounts for the period under SSAP24 are in note 13 to the Consolidated Revenue Account on Page 13.

■ 2. Fixed Assets

All spending on acquiring, creating or improving fixed assets has been capitalised on an accruals basis.

Operational assets have been included in the balance sheet at either net current replacement cost or net realisable value in existing use, whichever is lower, net of depreciation where appropriate. Non-operational assets have been included in the balance sheet at either net current replacement cost or net realisable value, whichever is lower, net of depreciation where appropriate.

The asset values used in the accounts are based upon certificates issued by the Council's Estates Services Officer. Council dwellings have been revalued as at 1 April 2000 and other land and property were revalued as at 1 April 1999. Assets acquired since these dates are included in the accounts at their cost.

Assets are revalued at intervals of not more than five years and the fixed assets figure in the Balance Sheet is adjusted accordingly. A corresponding adjustment is also made in a revaluation reserve known as the Fixed Asset Restatement Reserve.

Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation where appropriate.

■ 3. Depreciation

Assets are depreciated over their useful economic life. In the past, this was not done where the authority was making regular repairs and maintenance to extend the asset's useful life in its existing use. However, following revised guidance, depreciation is now provided on all fixed assets other than freehold land and non-operational investment properties. Where we provide for depreciation, assets are being depreciated using the straight line method, over the expected life, appropriate to the nature of the asset and its use, after allowing for the residual value of an asset.

■ 4. Deferred charges

Deferred charges represent spending which may properly be capitalised (under the LGHA 1989), but where no tangible fixed asset is created. Where this type of spending does not provide a continuing benefit to the authority over an extended period, it is not kept in the balance sheet, being written out in the year. Any other deferred charges are written out over an appropriate period. Housing Revenue Account deferred charges are written out directly to the Capital Financing Reserve. Other deferred charges are written out to service revenue accounts.

■ 5. Reserves and provisions

The Council has the power under the LGHA 1989 to keep reserves for certain purposes. Separate reserves are for capital expenditure, asset replacement, Direct Service Organisation and Heritage. Details of these are given in Note 17 to the Consolidated Balance Sheet on page 38.

These are the main provisions:

- a A provision for doubtful debts in respect of local taxation, housing rents and other debtors.
- b A provision for credit liabilities to meet the Council's duty to repay loans or other forms of credit. This provision is required by the LGHA 1989. (See note 15 to the Consolidated Balance Sheet on page 38).
- c A provision for the renewal and repair of buildings and plant. (See Note 12 to the Consolidated Balance Sheet on page 36).
- d An insurance provision. (See Note 12 to the Consolidated Balance Sheet on page 36).

■ 6. Charges for the use of capital assets

General Fund service revenue accounts and DSOs pay a capital charge for all fixed assets used to provide services. The total charge covers the provision for depreciation during the year, plus a capital financing charge. This is worked out by applying a specified notional rate of interest to net asset values. The specified notional rate of interest used for 2000/2001 is 6% for both assets carried at current value, and for assets carried at historical cost. The charge to individual services is linked to the capital employed in each service. The charge made to the Housing Revenue Account is an amount equal to the statutory capital financing charges.

External interest payable and the provision for depreciation are charged to the Asset Management Revenue Account. This account is also credited with the capital charges charged to services. Capital charges therefore have no impact on the amounts the Council needs to raise from local taxation.

Amounts set aside from revenue:

- to repay external loans
- to finance capital spending; or
- as transfers to other earmarked reserves

are disclosed as appropriations, within the consolidated revenue account, after net operating expenditure.

■ 4. Liquid Resources

These are short term investments of surplus cash and include those made by two external cash fund managers. All these investments are repayable within twelve months and are with approved organisations listed in the Council's Treasury Policy Statement.

■ 5. Analysis of Government Grants

	2000/2001		1999/2000
	£'000	£'000	£'000
Revenue Support Grant		4,084	4,416
DSS Grants for Benefits			
Rent Allowances	11,180		11,293
Local Taxation	4,317		3,795
Administration	346		324
Verification Framework	102	15,945	160
Housing Subsidy		4,836	4,049
SRB (Revenue)		189	72
Other		52	41
Total Government Grants		25,106	24,150

NOTES TO THE CASH FLOW STATEMENT

■ 1. Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

	Notes	2000/2001 £'000	1999/2000 £'000
Deficit/(Surplus) per Consolidated Revenue A/c	Page 7	495	1,323
Deficit/(surplus) per Collection Fund	page 21	(202)	232
Net Deficit/(Surplus)		293	1,555
Interest		(815)	(1,613)
Non-Cash Transactions:			
Contributions to Provisions		350	(251)
Contributions (to)/from Reserves		(1,585)	459
Contributions to Capital		-	(1,736)
Items on an accruals basis:			
(Decrease)/Increase in Stock and Work in Progress		(13)	89
Increase/(Decrease) in Debtors		880	1,156
(Increase)/Decrease in Creditors		(482)	1,226
Net Cash (Inflow)/Outflow from Revenue Activities		(1,372)	885

This reconciliation identifies items included within the revenue account which do not result in cash flows under the revenue activities in the statement.

■ 2. Reconciliation of the net cash flow to the movement in net debt

	2000/2001	
	£'000	£'000
Decrease in cash in the period	(513)	
Cash inflow from increase in debt financing	(1,992)	
Cash outflow from increase in liquid resources	5,747	
Movement in net debt in the period		3,242
Net debt at 1 April 2000		(14,160)
Net debt at 31 March 2001		(10,918)

■ 3. Analysis of net debt

	Balance 31 March 2000 £'000	Cashflow £'000	Balance 31 March 2001 £'000
Cash overdrawn	(930)	(513)	(1,443)
Debt due after one year	(43,692)	(164)	(43,856)
Debt due within one year	(34)	(2,252)	(2,286)
Short term investments	30,496	5,747	36,243
	(14,160)	2818	(11,342)
PWLB premium paid		424	424
	(14,160)	3,242	(10,918)

There has been an decrease in the level of net debt which is reflected in the net cash outflow from management of liquid resources and financing activities.

■ 7. Capital Receipts

Capital receipts from the sale of assets are treated in the accounts as laid down by regulations made under the Local Government and Housing Act 1989. Under the Act, certain proportions of housing capital receipts must be set aside as provision for repaying debt. The main receipts affected are: 75% of Council house sales and 50% of other housing asset sales. The Act allows the balance of capital receipts (usable receipts) to be used either to repay debt, or to finance new capital spending. When mortgage loans are granted to purchasers of council houses, this creates deferred capital receipts. These are reduced annually by the amount of principal repayments from mortgagors and any sums received by way of early repayment.

■ 8. Government grants and contributions

Where the acquisition of a retained fixed asset is paid for either wholly or in part by a government grant or other capital contribution, the amount of the grant or contribution is credited at first to either the Government Grants - Deferred Account, or to the Capital Contributions - Deferred Account. Amounts are transferred to the Asset Management Revenue Account over the useful life of the asset, to match any depreciation charged on the asset.

Grants and contributions to deferred charges are written out directly against the relevant deferred charge.

Grants and subsidies have been credited to the appropriate revenue and capital accounts, and accruals have been made for balances known to be receivable for the year to 31 March 2001.

■ 9. Provision for redemption of debt and interest charges

Under the Local Government and Housing Act 1989, provision for debt redemption is made in two ways:

- by a minimum charge to revenue, based on the authority's credit ceiling (defined in the Act); and
- by setting aside a proportion of the proceeds of the sale of capital assets.

This Council uses the minimum revenue provision, which is 2% of the credit ceiling for Housing Revenue Account items, and 4% for the General Fund.

The total provision for debt redemption is shown in the Provision for Credit Liabilities (see note 15, page 38). We fully show external debt repayment in this account being the use of the provision.

External debt and investments are managed centrally. Interest paid and received is accounted for on an accruals basis.

The policy on premiums and discounts is in line with the guidance in the 2000 Code of Practice. Premiums and discounts arising on the early repayment of long-term debt can be applied to the revenue account in the year of repayment. If the repayment is part of a restructuring arrangement, they are applied over the life of the replacement borrowing.

THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

10. Treatment of Leases

We have leased a variety of assets, ranging from vehicles to computer equipment. These transfer some of the benefits of ownership without actually transferring title to the assets. In keeping with current accounting practice, these leased assets are not stated in the Consolidated Balance Sheet. Rentals are charged to the revenue accounts and no provision is made for outstanding lease commitments.

11. Debtors and creditors at year end

The accounts have been completed on the basis of income and expenditure, taking account of known debtors and creditors as at 31 March 2001. Estimates have been used where actual figures were not available.

12. Stocks and work in progress

Stocks are all valued at cost. Work in progress on uncompleted jobs is valued at cost and includes an allocation of overheads.

13. Support services

These expenses have been collected and charged through the use of Service Level Agreements. These agreements act like internal contracts between support service providers and their customers. Charges are made according to the agreements using a number of bases including actual staff time spent, unit costs and fixed retainers.

14. Investments

Investments are shown in the Consolidated Balance Sheet at cost. Short-term investments are repayable within one year and are only made with the approved organisations listed in the Council's Treasury Policy Statement.

15. The Collection Fund

Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) we must have a Collection Fund which records the collection and distribution of Council Tax and National Non-Domestic Rates, and any residual Community Charge.

The law covers transfers which are made between the General Fund and the Collection Fund. The Fund is maintained as far as is practicable on an accruals basis.

This statement has been drawn up to show where the Council receives cash from and what this cash has been spent on.

	Notes	2000/2001 £'000	1999/2000 £'000
Revenue Activities			
<i>Payments</i>			
Cash paid to and on behalf of employees		22,456	21,064
Other operating costs		25,925	25,278
Housing Benefit paid out		12,400	13,497
		60,781	59,839
Precept paid to - Essex County Council		34,270	31,508
- Essex Police Authority		3,595	3,426
Non-domestic rates paid to National Pool		38,774	34,188
Total Payments		137,420	128,961
<i>Receipts</i>			
Rents (after rebates)		9,911	9,568
Local Tax income		39,688	35,895
Local Non-domestic rate income		37,902	34,305
Non-domestic rate income from National Pool		5,955	5,381
Government grants	5	25,106	24,150
Cash received from goods and services		12,333	11,008
Other revenue cash payments/income		7,897	7,769
Total Receipts		138,792	128,076
Net Cash (Inflow)/Outflow from Revenue Activities	1	(1,372)	885
Servicing of finance			
<i>Payments</i>			
Interest paid		3,242	3,338
<i>Receipts</i>			
Interest received		2,427	1,725
Net Cash Outflow from Servicing of Finance		815	1,613
Capital Activities			
<i>Payments</i>			
Purchase of fixed assets		4,661	4,667
Capital Grants and Advances		2,607	2,954
Total Payments		7,268	7,621
<i>Receipts</i>			
Sale of fixed assets		7,805	6,078
Capital Grants received		1,795	1,735
Other capital cash income		353	305
Total Receipts		9,953	8,118
Net Cash (Inflow)/Outflow from Capital Activities		(2,685)	(497)
Net Cash (Inflow)/Outflow before Financing	2/3	(3,242)	2,001
Management of Liquid Resources			
Net increase/(decrease) in short term deposits	4	5,747	426
Financing			
<i>Payments</i>			
Repayments of amounts borrowed		10,234	3,202
PWLB Premium paid		424	-
<i>Receipts</i>			
New loans raised		12,650	4,975
Net Cash (Inflow)/Outflow from financing		(1,992)	(1,773)
Decrease/(Increase) in Cash		513	654

**CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2001**

**NOTES TO THE STATEMENT OF TOTAL
MOVEMENTS IN RESERVES**

■ *1. Purpose of Reserves*

The Fixed Asset Restatement Reserve and Capital Financing Reserve cannot be called upon to support spending as these reserves are only realised on the disposal of assets. The Usable Capital Receipts Reserve can only be used to meet spending for capital purposes. The Revenue Reserves can be used to meet capital and revenue expenditure. Further information on these reserves is provided in the appropriate notes to the Consolidated Balance Sheet (Pages 37-39).

■ *2. Capital Reserves*

The movements can be analysed between HRA and General Fund as set out below:

	HRA £'000	General Fund £'000	Total 2000/2001 £'000
Net Surplus/(deficit) for year	662	(3,154)	(2,492)
Unrealised gains/(loss) from revaluation of fixed assets	82,446	(304)	82,142
<i>Effects of disposals of assets:</i>			
Cost or value of assets disposed of	(5,958)	(2,013)	(7,971)
Proceeds of disposals	4,869	3,708	8,577
Net surplus/(deficit)	(1,089)	1,695	606
Grants and contributions	-	54	54
Net Movement	82,019	(1,709)	80,310

■ *3. Revenue Reserves*

The analysis of movements between HRA and General Fund is provided in the notes to the Consolidated Balance Sheet (Note 17, page 38 and note 18, page 39).

This statement shows the gross expenditure, income and net expenditure analysed by service and how it was met by contributions from the Collection Fund, Non-domestic rate pool, Government grants and balances.

	2000/2001 Gross Expenditure £'000	2000/2001 Total Income £'000	2000/2001 Net Expenditure £'000	1999/2000 Net Expenditure £'000
Expenditure on Services 2000/2001 (Note 1)				
CENTRAL SERVICES				
Democratic Representation and Management	2,036	121	1,915	1,044
Corporate Management	768	-	768	1,365
Unapportionable Central Overheads	934	-	934	765
Central Services to the Public				
Local Taxation (includes Council Tax Benefit)	6,072	4,696	1,376	1,456
Other Central Services	1,323	584	739	478
Total for Central Services	11,133	5,401	5,732	5,108
CULTURAL, ENVIRONMENTAL AND PLANNING SERVICES				
Cultural and Related Services				
Culture and Heritage	2,345	568	1,777	1,668
Recreation and Sport	6,444	3,504	2,940	2,735
Open Spaces	1,562	72	1,490	1,381
Tourism	540	159	381	382
Environmental Services				
Cemetery, Crematorium and Mortuary Services	617	501	116	116
Environmental Health	1,613	231	1,382	1,353
Community Safety	504	13	491	299
Street Cleansing (non-highway)	797	(2)	799	749
Waste Collection	3,330	871	2,459	2,153
Planning and Development Services				
Building Control	490	410	80	123
Development Control	1,118	501	617	572
Planning Policy	770	97	673	682
Economic Development	2,727	1,691	1,036	1,002
Other Planning and Development Services	222	3	219	257
Total for Cultural, Environmental and Planning Services	23,079	8,619	14,460	13,472
HIGHWAYS, ROADS AND TRANSPORT SERVICES				
Transport Planning and Strategy	361	102	259	186
Highways, Traffic Management and Road Safety	5,870	5,145	725	702
Harbour	416	55	361	394
Parking Services	2,258	2,990	(732)	(751)
Public Transport				
Concessionary Fares	660	287	373	370
Other Public Transport	273	112	161	122
Total for Highways, Roads and Transport Services	9,838	8,691	1,147	1,023
HOUSING GENERAL FUND				
Private Sector Housing Renewal	1,379	31	1,348	1,121
Homelessness	773	270	503	458
Housing Benefits	13,455	11,849	1,606	1,855
Other Housing General Fund	1,045	270	775	774
Total for Housing General Fund	16,652	12,420	4,232	4,208
HOUSING REVENUE ACCOUNT	23,825	25,097	(1,272)	794
SOCIAL SERVICES - ELDERLY PEOPLE	803	579	224	235
COST OF SERVICES	85,330	60,807	24,523	24,840

**CONSOLIDATED REVENUE ACCOUNT FOR
THE YEAR ENDED 31 MARCH 2001 (continued)**

	Notes	2000/2001 Net Expenditure £'000	1999/2000 Net Expenditure £'000
Cost of Services (net) Brought forward	1	24,523	24,840
Precepts paid to Parish Councils		383	367
Transfers from Insurance Fund	2	(600)	-
Transfers from Other Provisions	3	(5)	-
Council Tax Benefit Subsidy Limitation	4	18	-
Deficit/(surplus) on internal trading	5	181	(68)
Total net deficit/(surplus) from DSOs		501	363
Interest receivable		(2,705)	(1,892)
Transfer to/(from) Asset Management Revenue Account	6	(4,546)	(4,845)
Net Operating Expenditure		17,750	18,765
Surplus/(Deficit) transferred to/(from) HRA balances		1,272	(794)
Movement on earmarked reserves	7	234	126
Contribution from DSO reserves	8	(280)	(39)
Capital Financing Reserve - MRP adjustment	9	(1,258)	(418)
- Deferred Charges		(1,249)	(1,055)
- Financing of capital expenditure		-	67
Amount to be met from Government Grant and Local Taxpayers		16,469	16,652
Precept demanded from the Collection Fund		(5,902)	(5,417)
Collection Fund transfer - Community Charge		(5)	(74)
- Council Tax		(28)	(41)
Revenue Support Grant		(4,084)	(4,416)
Contribution from non-domestic rate pool		(5,955)	(5,381)
Deficit for the Year		495	1,323
General Fund Balances			
Balance at the Beginning of the Year		(3,345)	(4,668)
Deficit/(Surplus) for the Year		495	1,323
Balance at the End of the Year		(2,850)	(3,345)

**STATEMENT OF TOTAL MOVEMENTS IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2001**

This statement shows all the Councils gains and losses for the period with the movements separated between capital and revenue reserves.

	CAPITAL RESERVES			REVENUE RESERVES		Total 2000/2001 £'000	Total 1999/2000 £'000
	Fixed Asset Restatement Reserve £'000	Capital Financing Reserve £'000	Usable Capital Receipts £'000	Earmarked Reserves £'000	Revenue Balances £'000		
Balance at the Beginning of the Year	127,344	73,364	119	5,712	7,211	213,750	200,773
Net Surplus/(deficit) for year		(2,492)		(28)	979	(1,541)	(1,993)
Unrealised gains/(loss) from revaluation of fixed assets	82,142					82,142	12,550
<i>Effects of disposals of assets:</i>							
Cost or value of assets disposed of	(7,269)	(702)				(7,971)	(4,999)
Proceeds of disposals		4,167	4,410			8,577	7,190
Net surplus/(deficit)	(7,269)	3,465	4,410			606	2,191
Financing of fixed assets		1,896	(1,896)			-	-
Grants and Contributions		54				54	229
Balance at the End of the Year	202,217	76,287	2,633	5,684	8,190	295,011	213,750
Consolidated Balance Sheet Note	13	14	16	17	18		

The **Asset Replacement Reserve** is maintained by Colchester Direct Services to provide for the replacement of vehicles, plant and equipment.

The **Heritage Reserve** is maintained to provide funding for the repair, maintenance and continuing development of ancient and historical monuments.

The **Gosbecks Reserve** is maintained to provide for the development of the Archaeological Park. The main source of funding is the 'dowry' agreed on the transfer of the land.

■ 18. Revenue Balances

	Notes	Balance at 1 April 2000 £'000	Additions to Balances £'000	Withdrawal from Balances £'000	Balance at 31 March 2001 £'000
General Fund	Page 7	3,345	-	(495)	2,850
Housing Revenue Account	page 17	3,752	1,272	-	5,024
Collection Fund	page 24	114	202	-	316
Total Revenue Balances		7,211	1,474	(495)	8,190

■ 19. Analysis of Net Assets Employed

The net assets employed represent the local taxpayers 'equity' in the authority and are analysed between the main functions in the table below.

	31 March 2001 £'000	31 March 2000 £'000
General Fund	288,453	208,245
Housing Revenue Account	5,024	3,752
Direct Service Organisations	1,534	1,753
Total Equity	295,011	213,750

■ 20. Contingent Liabilities

There have been claims, with the potential for further claims, on an area of the Council's activities which could amount to substantial sums. It is not appropriate to disclose the nature of the item or the sums at this stage. The claims have been rejected and no provision has been made in the accounts.

On a separate issue we have received claims in respect of past events on another area of the Council's activities which could amount to substantial sums. It is not appropriate to disclose the nature of the items or the sums at this stage. One claim has now been settled by the insurance company within the policy limit and thus no liability fell on the Council. However, for the remaining claims there could be a potential liability which could exceed indemnity levels available under the Council's insurance arrangements. The claims are being investigated and no provision has been made in the accounts.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

■ 1. Consolidated Revenue Account - General

The revised Code of Practice introduced two changes which have a material impact on the presentation of the Consolidated Revenue Account.

The services shown follow new groupings, brought in under national Best Value guidance, to help comparison between different local authorities. The new guidance has been used to restate the actuals for 1999/2000 as far as is possible. However, from April 2000 there has been a significant change in the allocation of costs between services and democratic and corporate management which it is not practical to revise for 1999/2000.

The amount we spend on each service includes a charge for the value of assets which the service uses, such as buildings, land and vehicles. For 2000/2001 these charges include an increase (£733,000) in the element for depreciation, in accordance with the change of guidance in the revised code (see note 3, page 2 and note 6, page 3). Capital charges are credited to the Asset Management Revenue Account (see note 6, page 9) and therefore have no impact on the amounts the Council needs to raise from local taxation.

■ 2. Transfer from Insurance Provision

A review of the Insurance Provision established that the accumulated balance was greater than the minimum required to cover its current risks. Therefore the excess balance of £600,000 has been transferred to the Revenue Account. (See Note 12, page 36).

■ 3. Transfers to and from other Provisions

	2000/2001 £'000	1999/2000 £'000
Reduction in General Provision for Bad Debts	(5)	-

The general provision has been reduced this year offsetting increased provision being made under specific services. The overall level of provision is considered adequate.

■ 4. Council Tax Benefit Subsidy Limitation

In 1999/2000, the Government introduced a scheme to limit council tax benefit subsidy. Up until that point, subsidy had normally been paid to billing authorities at a level of 95% of the benefits awarded to persons liable for council tax. The other 5% was met by the billing authority. However, from 1999/2000, billing and precepting authorities setting council tax above Government guidelines have been required to meet a proportion of the increase in benefits awarded because of their higher tax level.

Our tax increase for 2000/2001 was above the guideline and thus a contribution of £18,000 is payable into the Collection Fund (note 1, page 25).

■ 5. Trading Operations

Significant trading operations are included in this Statement of Accounts as follows:-

Trade Refuse - Included within "Waste Collection" in the Consolidated Revenue Account (page 6). The surplus for the year was £98,000 on a turnover of £475,000.

Harbour - Shown within the Consolidated Revenue Account (page 6). The authority has taken steps to close the Harbour and the results for the year include the revenue costs of preparing for closure. Closure has been completed during 2001/02.

Building Control - Shown in Note 12, page 12.

Direct Service Organisation - Details of the activities undertaken and the results for the year are set out on pages 21-23.

We also operate a range of internal trading units which provide support services. These aim to break even and generate income from charges to the services set out in the Consolidated Revenue Account. The deficit for the year was £181,000 on a combined total turnover for these activities of £10,288,000.

■ 6. Transactions on the Asset Management Revenue Account

	2000/2001 £'000	1999/2000 £'000
Income		
Capital Charges:		
General Fund	(5,881)	(5,098)
Housing revenue account	(3,413)	(3,702)
Other - DSO's	(325)	(338)
Transfer from capital contributions - deferred account	(66)	(26)
	(9,685)	(9,164)
Expenditure		
Provision for depreciation (see Note 1, page 8)	1,299	546
External interest charges	3,840	3,773
Balance to Consolidated Revenue Account	(4,546)	(4,845)

External interest charges and the provision for depreciation are charged to the Asset Management Revenue Account, which is credited with capital charges paid by services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

■ 15. Provision for Credit Liabilities (Memorandum Account)

	Notes	2000/2001 £'000	1999/2000 £'000
Balance at the Beginning of the Year		-	-
Capital Receipts Set Aside		4,167	4,045
Statutory Minimum Revenue Provision:			
General Fund	Page 11	(707)	(641)
Housing Revenue Account	page 19	682	743
Total Provision		4,142	4,147
<i>Applied to:</i>			
Repayment of Long Term Loans		3,461	3,169
Financing Capital Expenditure		681	978
Balance at the End of the Year		-	-

From 1 April 1994 these transactions are incorporated within the Capital Financing Reserve (see Note 14, page 37) but are shown separately in this memorandum account for record purposes. We fully show external debt repayment in this account.

■ 16. Usable Capital Receipts Reserve

	Notes	2000/2001 £'000	1999/2000 £'000
Balance at the Beginning of the Year		119	5
Capital Receipts in the Year:			
Sale of Council Housing		4,748	4,059
Other sales and repayments of loans		3,148	2,122
Housing Association Grant		681	1,009
Total Capital Receipts in the Year		8,577	7,190
Capital Receipts Applied in the Year:			
Financing of Capital Expenditure		1,896	3,031
Set Aside for the Redemption of Debt	14	4,167	4,045
Total Capital Receipts Applied in the Year:		6,063	7,076
Balance at the End of the Year		2,633	119

■ 17. Earmarked Reserves

	Balance at 1 April 2000 £'000	Transfer (to) from Revenue £'000	Capital Financing £'000	Balance at 31 March 2001 £'000
Capital Expenditure Reserve	3,114	320	-	3,434
DSO Reserves	988	(280)	-	708
Asset Replacement Reserve	765	61	-	826
Heritage Reserve	381	(244)	(15)	122
Gosbecks Reserve	371	27	-	398
Sundry Balances	93	103	-	196
Total Reserves	5,712	(13)	(15)	5,684

The **Capital Expenditure Reserve** is maintained to provide finance for future capital schemes.

The **Direct Service Organisation Reserve** is maintained to meet future expenditure on capital schemes, and provide for potential redundancy payments and revenue losses incurred.

The major risks covered at present are:

- (1) **Housing Stock** - Property damage up to external insurance excess of £25,000 per claim but with an overall aggregate with general properties, for any one period of insurance, of £100,000.
- (2) **General Properties** - Property damage up to external insurance excess of £25,000 per claim but with an overall aggregate with Housing stock, for any one period of insurance, of £100,000.
- (3) **All Risks Items** - Accidental damage or any loss associated with theft which is excluded from our external theft policy but qualifies under the provision policy.
- (4) **Car Loan Guarantee** - Covers any unrecoverable amount in the event of payment default.

■ 13. Fixed Asset Restatement Reserve

	2000/2001 £'000	1999/2000 £'000
Balance at the beginning of the year	127,344	118,710
Less: Disposal of fixed assets	7,269	3,916
Less: Restatement reductions	-	-
Add: Restatement increases	82,142	12,550
Balance at the End of the Year	202,217	127,344

The system of capital accounting, introduced in 1994/95, required the establishment of the fixed asset restatement reserve. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on revaluations. The significant increase reflects the revaluation of Council dwellings (Note 2, page 32).

■ 14. Capital Financing Reserve

	2000/2001 £'000	1999/2000 £'000
Balance at the beginning of the year	73,364	66,818
Capital receipts set aside	4,167	4,045
Capital financing		
Capital receipts	1,896	3,031
Revenue	-	1,736
Reserves	15	161
Contributions	54	129
MRP (less depreciation provision)	(1,258)	(418)
	78,238	75,502
Less: Write down of:		
Deferred charges – via revenue	1,249	1,055
Long Term Debtors	702	1,083
Balance at the End of the Year	76,287	73,364

The capital financing reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The balance on the reserve is reduced as capital expenditure which does not produce a retained asset for the authority is written out.

■ 7. Movements on Reserves

	2000/2001 £'000	1999/2000 £'000
<i>Expenditure to be met from Reserves:</i>		
Capital Expenditure met from Heritage Reserve	15	161
<i>Transfer to Reserves:</i>		
Heritage Reserve	2	117
Capital Expenditure Reserve	403	275
Asset Replacement Reserve	90	231
Gosbecks Reserve	27	-
Other earmarked reserves	119	40
	656	824
<i>Income attributable to Reserves:</i>		
Contributions & Sales	(33)	(6)
<i>Transfers from Reserves:</i>		
Capital Expenditure Reserve	(83)	(115)
Heritage Reserve	(261)	(161)
Gosbecks Reserve	-	(20)
Asset Replacement Reserve	(29)	(346)
DSO Reserves	-	(50)
Other Reserves	(16)	-
	(422)	(698)
Net Movement on Reserves	234	126

■ 8. Contribution (from)/to DSO Reserves

The contribution reflects the deficit for the year adjusted by capital charges and movements on earmarked reserves.

9. Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is a statutorily prescribed minimum charge made to the revenue account to provide for the repayment of debt. This basic element is offset by an adjustment to equalise the impact of commutation.

	2000/2001 £'000	1999/2000 £'000
Non-housing amount	(707)	(641)
Housing amount	682	743
Minimum Revenue Provision	(25)	102

Under the 2000 Code depreciation, grants and contributions deferred are regarded as part of the MRP and thus the balance is transferred to or from the revenue account to match the total required.

	2000/2001 £'000	1999/2000 £'000
Amount charged as depreciation	1,299	546
Transfer from capital contributions - deferred account	(66)	(26)
Credit to consolidated revenue account - appropriation account	(1,258)	(418)
	(25)	102

10. Section 137 Expenditure

Section 137 of the Local Government Finance Act 1972 as amended by Section 36 of the Local Government and Housing Act 1989 enables a local authority to incur expenditure for the benefit of the people in its area on activities for which no statutory power exists. Under this section local authorities were required to account separately for any such expenditure.

	2000/2001	1999/2000
Relevant Population	158,755	156,374
Rate per Capita	1.90	1.90
	£'000	£'000
Maximum Allowable Section 137 Expenditure	302	297
<i>Expenditure in the Year:</i>		
Grant to Colchester United Football Club	118	118
Civic Amenity Sites	100	87
Millennium Grants	-	19
Total Charged to the General Fund	218	224

This changed in October 2000 and local authorities now only need to show contributions to charities in the UK, not for profit bodies and mayoral appeals. However, the table above shows the full year's expenditure incurred during 2000/2001 under the Section 137 regulations in force as at 1st April 2000.

10. Long Term Borrowing

	Amount outstanding as at 31 March	
	2001 £'000	2000 £'000
Public Works Loan Board	23,856	23,692
Money Market	20,000	20,000
Total Long Term Borrowing	43,856	43,692

The average interest rate for all loans (including short term borrowing) was 7.25% (1999/2000= 7.62%).

An analysis by maturity date of long term borrowing is shown below.

	2001 £'000	2000 £'000
Maturing:		
between one and two years	33	36
between two and five years	31	4,064
between five and ten years	-	-
over ten years	43,792	39,592
Total Long Term Borrowing	43,856	43,692

11. Deferred Credits

	2000/2001 £'000	1999/2000 £'000
Council House Sales	446	548
Other Sales	-	1,134
Total Deferred Credits	446	1,682

The balance due on the Other Sales was received in the year (See Note 6, page 34).

12. Provisions

Category of Provision	Balance at 1 April 2000 £'000	Contribution from Revenue in the year £'000	Transfer to Revenue in the year £'000	Payments in the year £'000	Balance at 31 March 2001 £'000
Renewal & Repairs	3,857	480	-	(162)	3,975
Insurance	1,413	3	(600)	(67)	749
Other	203	-	-	-	203
Total Provisions	5,273	483	(600)	(229)	4,927

The **Renewal and Repairs Provision** is maintained for the replacement of plant and equipment, and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the anticipated life of the asset.

The **Insurance Provision** is kept to cover the risk of fire and damage to Council Houses and other selected properties, as well as certain other risks. The cover it is required to provide on Housing and General properties was reduced as part of the overall renewal of insurances in August 1998. A review of the Insurance provision established that the accumulated balance is greater than the minimum required to cover its current risks. Therefore, the excess balance of £600,000 has been transferred to the revenue account (See note 2, page 8).

8. Debtors

	Value as at 31 March 2001 £'000	Value as at 31 March 2000 £'000
Sums falling due within one year:		
Non-domestic Rate Arrears	2,983	3,750
Community Charge Arrears	193	195
Council Tax Arrears	2,451	2,128
Contribution from NNDR Pool	304	-
Government Departments	95	266
Council Tenants	1,406	1,148
Essex County Council	889	577
Customs & Excise (VAT)	514	374
Car Leasing Scheme	79	107
General Debtors	3,503	2,331
Total due within One Year	12,417	10,876
Sums falling due after one year:		
General Debtors	205	187
Total due after One Year	205	187
Gross Debtors	12,622	11,063
Less Provision for Doubtful Debts	(3,904)	(3,548)
Total Debtors	8,718	7,515

9. Creditors

	Value as at 31 March 2001 £'000	Value as at 31 March 2000 £'000
Non Domestic Rate Prepayment	1,008	888
Community Charge Overpayment	5	3
Council Tax Prepayment	1,025	894
Contribution to NNDR Pool	-	1,578
Interest Payable	1,055	1,059
Government Departments	1,298	566
Council Tenants	168	172
Ipswich Borough Council	-	137
Contractors' Deposits	249	253
Essex County Council	491	445
Contractors re Capital Schemes	820	339
General Creditors	4,215	3,036
Total Creditors	10,334	9,370

11. Expenditure on Publicity

Section 5 of the Local Government Act, 1986 (Part II) requires a local authority to account separately for expenditure on publicity. The following account draws together in one place the net expenditure on general publicity during the year.

	2000/2001 £'000	1999/2000 £'000
Staff Recruitment	135	125
Tourism	288	294
Industry and Commerce	122	120
Miscellaneous Advertising & Publications	109	124
Total Net Expenditure on Publicity	654	663

12. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

	2000/2001 Chargeable £'000	2000/2001 Non Chargeable £'000	2000/2001 Building Control £'000	1999/2000 Building Control £'000
Building regulations Charging Account 2000/2001				
Expenditure				
Employee expenses	204	99	303	294
Premises	22	9	31	30
Transport	20	8	28	28
Supplies and Services	17	7	24	17
Third Party Payments	2	1	3	-
Central and Support Service Charges	56	42	98	117
TOTAL EXPENDITURE	321	166	487	486
Income				
Building Regulation charges	408	-	408	367
Miscellaneous income	2	15	17	15
TOTAL INCOME	410	15	425	382
(Surplus)/Deficit for Year	(89)	151	62	104

The above sums are included within the Consolidated Revenue Account (page 6) together with Disabled Access.

■ 13. Pension Costs

In 2000/2001 the Council paid an employer's contribution of £1,970,800, including back-funding, representing 13.3% of employees' pensionable pay into Essex County Council's Superannuation Fund, which provides members of the scheme with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being 31 March 1998. Rates are set to meet 100% of the overall liabilities of the fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2000/2001 the annual payments amounted to £294,720 representing 1.99% of pensionable pay. The sum of £257,000 representing 1.74% of pensionable pay, is also payable to the fund for the additional costs of early retirements approved in the year.

The capital cost of the added years increases in pension payments agreed by the authority in the year amounts to £277,000. The capital cost of increases agreed in earlier years, for which payments are still being made, amounts to £5,257,000. The Fund's Actuary has advised that the pension costs it would have been necessary to provide for in the year in accordance with SSAP 24, 'Accounting for pension costs' are £1,950,594 representing 13.17% of pensionable pay.

The results of the review at 31 March 1998 were implemented with effect from 1 April 1999. The actuary advised that the overall funding level of the Pension Fund had increased from 84% in 1995 to 90.5% in 1998. The improvement in the funding level means the overall contribution from participating authorities can be reduced. The remaining under funding is planned to be cleared over a thirteen year period. The sum required from this authority for backfunding was £511,000 for 2000/2001 and will increase each year by RPI plus 1.75%. The next review as at 31 March 2001 will be implemented with effect from 1 April 2002.

Further information can be found in Essex County Council's Superannuation Fund's Annual Report which is available upon request from Essex County Council, Treasurer's Department, P.O. Box 4, County Hall, Chelmsford, CM1 1JZ.

■ 14. Members and Employees

The total of Members' allowances paid in the year was £208,460 and this is included within Democratic Representation and Management in the Consolidated Revenue Account (page 6).

To provide the services of the Council the following number of full-time and part-time staff were employed as at March.

	2000/2001	1999/2000
Transportation	27	31
Refuse and Cleansing	148	139
Planning	72	61
Leisure and Museums	311	300
Housing	197	202
Finance and Computing	119	116
Environmental Health	42	42
Contracted Direct Public Services	80	96
Architectural and Highway Services	77	71
Administration and Other Services	140	134
Total	1,213	1,192

■ 5. Long Term Investments

	2000/2001 £'000	1999/2000 £'000
Association of District Councils (ADC) Debenture	10	10
Marketable Securities (at cost)	31	36
Total Long Term Investments	41	46
Market value of Marketable Securities at 31 March	147	160

■ 6. Long Term Debtors

These are debtors which fall due over a period of at least one year. They comprise of mortgages held by the Council and sales of land where the receipts are due over a period of time.

Category of Long Term Debtor	Balance at 1 April 2000 £'000	Advances in the year £'000	Repayments in the year £'000	Balance at 31 March 2001 £'000
Sale of Council Houses	548	-	102	446
Purchase/Improvement of Private Sector Houses	160	-	18	142
Loans to Housing Associations	102	681	684	99
Sale of Surplus Properties	12	-	12	-
Sale of Land	1,122	-	1,122	-
Total Long Term Debtors	1,944	681	1,938	687

A major area of land at Turner Rise has been disposed of and the proceeds were due as the development progressed. The balance due was received in the year.

■ 7. Stocks & Work in Progress

	Value as at 31 March 2001 £'000	Value as at 31 March 2000 £'000
Stocks		
Direct Service Organisations	282	234
Other	171	169
	453	403
Less Provision for Obsolete Stock	74	14
Total Stocks	379	389
Work in Progress		
Direct Service Organisations	91	94
Total Work in Progress	91	94

Operational assets are those held occupied and used in the direct delivery of services for which the Council has either a statutory or a discretionary responsibility. They have been valued on the basis of Open Market Value in Existing Use (OMVEU) where this could be assessed. This assumes that the asset will continue to be owner-occupied, or let pursuant to the delivery of a service, for the existing use for the foreseeable future.

Specialised properties are those which are rarely, if ever, sold on the open market due to their specialised nature, location or use. They have been valued on the basis of Depreciated Replacement Cost (DRC). The DRC basis of valuation requires an estimate of the value of the land in its existing use together with the current gross replacement of the building and its external works, from which appropriate deductions have been made to reflect the age, condition, economic and functional obsolescence and other locational factors which might result in the existing property being worth less than a new replacement building.

Council dwellings were revalued in preparation for the introduction of Resource Accounting for the Housing Revenue Account. Guidance on the valuation approach was provided by the Department of the Environment, Transport and the Regions. The dwellings were valued on the basis of Existing Use Value - Social Housing (EUV-SH). The stock was broken down into archetype groups and an average based on beacon values applied to each group. The figure applied per unit is based upon tenanted individual properties.

Non-operational assets are assets held by the Council but which are not directly occupied or used in the delivery of services. They have been valued on the basis of Open Market Value (OMV). This basis reflects the highest of all potential uses and not simply the existing use.

Fixed assets are updated for additions and disposals in the year. Other than these it is not considered that there has been any material change in asset value and therefore the valuations have not been updated.

The valuations were carried out by Mr Keith Durrant, ARICS, Estates Services Officer, Estates and Economic Development Services, Colchester Borough Council.

■ 3. Deferred Charges

	2000/2001 £'000	1999/2000 £'000
Balance at the beginning of the year	309	314
Expenditure in year		
Renovation Grants	1,321	1,483
Other	586	381
	2,216	2,178
Less:		
Government Grants	761	814
Amounts written off to Consolidated Revenue Account	1,249	1,055
Balance at the End of the Year	206	309

■ 4. Deferred Premiums

Premiums can be incurred when long term debt is redeemed and this charge is applied to future years revenue accounts in line with recommended practice. The charge for 2000/2001, £325,629 has been included under interest charges within the Asset Management Revenue Account (Note 6, Page 9).

Within the total number of employees are those whose remuneration, excluding pension contributions but including termination payments, was £40,000 or more. These are shown in bands of £10,000.

Remuneration Band	Number of Employees (left during the year)	
	2000/2001	1999/2000
£40,000 - £49,999	10(2)	10
£50,000 - £59,999	1(1)	1
£60,000 - £69,999	4	3
£70,000 - £79,999	-	-
£80,000 - £89,999	-	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 - £139,999	1(1)	-

■ 15. Highways Agency Income and Expenditure

The Council has an agency agreement with Essex County Council whereby the Council is responsible for maintaining highways within the Borough on their behalf. The County Council reimburses the Borough for this work, including a contribution towards administrative costs.

A summary of expenditure incurred in respect of the activity, which is included in the Consolidated Revenue Account, is as follows:

	2000/2001 £'000	1999/2000 £'000
Routine Maintenance	2,334	2,143
Street Lighting	431	391
Other	312	330
Administrative Costs	1,276	1,127
Capital works	835	354
Total Expenditure	5,188	4,345

The accounts have been drawn up on the basis that this expenditure will be fully reimbursed.

16. Related Party Transactions

During the year material transactions with related parties, which are not fully disclosed elsewhere in the Statement of Accounts, arose as follows:

	2000/2001		1999/2000	
	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000
Central Government:				
Revenue grants (see note 5, page 44)	25,106		24,150	
Non-domestic rate income from National Pool	5,955		5,381	
Capital grants				
- Department of the Environment				
Transport & the Regions	359		763	
- English Heritage	62		48	
- Single Regeneration Budget	798		75	
Essex County Council:				
Precept (see notes 5 & 6, page 27)		34,270		31,508
Highways Agency (see note 15, page 14)	5,188		4,345	
Countywide Concessionary Travel Scheme		384		398
Trade Waste Disposal		108		95
Contributions to capital schemes	82		76	46
Recycling credits	244		203	
High Diversion Trial Contribution	107			
Vehicle Maintenance			69	
Joint use of sports centres	90	81	46	54
Other, including County Supplies	6	117		145
Essex County Council Pension Fund				
Employers contributions (see note 13, page 13)		2,523		2,177
Parish Councils	4	531	13	505
The payments are grants and precepts to support services provided by parish councils. The receipts are contributions to joint finance schemes.				
North Essex Health Authority	32		39	
Contributions for joint finance schemes for housing special needs and health promotion.				
Mercury Theatre Company - grant		259		243
We work with the company and the Eastern Arts Board to support theatre provision in Colchester. The Council is the sole trustee of the Colchester New Theatre Trust (see page 50).				
Colchester United Football Club	18		21	
The receipt for rent of the Layer Road ground is £12,000. The balance of the sum due of £118,000 is not collected being recorded as a grant. The Council is working with the Club on plans to relocate the Club to a new community stadium to be built on land owned by the Council. The Club have contributed £6,000 as their share of expenses this year.				

Fixed Assets (continued)

The table below shows movements in net fixed assets.

	Council Dwellings, Land & Property £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Non-Operational Assets £'000	TOTAL £'000
Value as at 1 April 2000	151,745	41,088	4,945	2,941	18	35,465	236,202
Additions	2,239	466	505	193	36	1,709	5,148
Disposals	(5,958)	-	(185)	-	-	(1,259)	(7,402)
Revaluations/Restatements	82,446	(128)	(44)	-	(2)	(130)	82,142
Gross book value at 31 March 2001	230,472	41,426	5,221	3,134	52	35,785	316,090
Depreciation b/fwd as at 1 April 2000	(58)	(34)	(1,401)	(272)	-	-	(1,765)
Depreciation for the year	(20)	(662)	(470)	(147)	-	-	(1,299)
Depreciation on assets sold	-	-	133	-	-	-	133
Depreciation balance as at 31 March 2001	(78)	(696)	(1,738)	(419)	-	-	(2,931)
Net book value at 31 March 2001	230,394	40,730	3,483	2,715	52	35,785	313,159
Net book value at 31 March 2000	151,687	41,054	3,544	2,669	18	35,465	234,437

The revaluations/restatements take account of the revaluation at 1 April 2000 and the impact of additions during 2000/2001.

2. Valuation of Fixed Assets

Council dwellings have been revalued at 1 April 2000 at a gross value of £232.6 million. Land and property assets other than Council dwellings are valued as at 1 April 1999 (gross valuation at 1 April 1999 was £76.6 million).

The valuations were made in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Asset Valuation Standards Committee of the Royal Institution of Chartered Surveyors.

These valuations have been based upon available records, some of which have proved to be quite limited, and hence personal experience and judgement has had to be relied upon to a large degree. Many valuations are therefore indicative only. Specific inspections and structural or soil surveys have not been carried out and service installations have not been tested.

Plant and machinery which would normally be regarded as an integral part of the buildings on letting or sale has been included in the valuation of the building but all items of loose furnishings and fittings, for example desks, computers, curtains and the like, are excluded.

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Major assets held by the Council are as follows:

	31 March 2001	31 March 2000
Operational Assets		
Council Dwellings		
Council House Stock	7,060	7,224
Council Garages	2,660	2,660
Shared Ownership Properties	23	28
Other Land and Buildings		
Town Hall	1	1
Other Office Locations	5	5
Depots	4	4
Sports Centres (plus 3 jointly used with schools)	1	1
Cemetery	1	1
Crematorium	1	1
Public Conveniences	20	20
Activity Centres for Older People	2	2
Harbour	1	1
Visitor Information Centre	1	1
Highwoods Interpretation Centre	1	1
Bus Station	1	1
Car Parks (plus 2 temporary sites)	14	14
Colchester Castle	1	1
Other Museums	4	4
Nurseries	1	2
Sports Pavilions	8	8
Vehicles, Plant and Equipment		
DSO Vehicles and Plant	110	99
CCTV Town Centre Monitoring System	1	1
Community Assets		
Museum Exhibits (including artwork)	Circa 500,000	Circa 500,000
Civic Regalia	78	78
Commons & Greens	13	13
Parks & Open Spaces	939 acres	903 acres
Sports Grounds	170 acres	151 acres
Woodland	163 acres	163 acres
Children's Play Areas	51	51
Balkerne Gate Roman Features	1	1
Gosbecks Archaeological Park	1	1
Non-Operational Assets		
Former Outdoor Swimming Pool	1	1
Industrial Lettings	47	47
Managed Workshop Scheme	2	2
Shopping Centre (site only)	1	3
Office Complex (site only)	1	1
Business Park (site only)	1	1
Shops	30	36
Office Premises	4	4
Doctors Surgeries	3	3
Vacant Industrial Land	2 acres	2 acres
Allotments	57 acres	60 acres
Oyster Fishery on River Colne	1	1
West Mersea Beach Area	1	1
Farmland	551 acres	551 acres
Sites for Advertising	4	4
Football Stadia	2	2

Voluntary Organisations - grants

	2000/2001 Receipts £'000	2000/2001 Payments £'000	1999/2000 Receipts £'000	1999/2000 Payments £'000
Arts development		170		163
Welfare organisations		139		127
East Colchester Single Regeneration Budget		113		63
Village Halls and Community Centres		48		84
Recreation development		53		69
Housing groups		52		51
Shopmobility (Joint with CCVS)		43		42
Other		40		57

Economic Development activities - grants

Colchester Town Centre Management Company				36
Colchester Business Enterprise Agency		19		15
Other		53		64

17. Leasing

Leasing rentals are charged to operating costs in the revenue account.

The Council used finance leasing to acquire vehicles and equipment up to 1988/89. The rentals paid on these leases during the year were £486 (£486 in 1999/2000).

The Council uses operating leases to obtain cars for officers, some vehicles and plant and computer equipment. The amount paid under these arrangements in 2000/2001 was £286,597 (1999/2000 £343,407). All these arrangements provide for charges to be made evenly throughout the period of the lease.

The future cash payments required under these leases at 31 March 2001 are:

	Total Outstanding Obligations under Non-Finance Leases £'000
2001/2002	149
2002/2003	58
2003/2004	30
2004/2005	13
2005/2006	6
	256
31 March 2000	422

There are no outstanding obligations on Finance Leasings as at 31 March 2001.

**HOUSING REVENUE ACCOUNT FOR THE
YEAR ENDED 31 MARCH 2001**

The Housing Revenue Account summarises the transactions relating to the provision, maintenance and sales of Council houses and flats. The account has to be self financing and contributions to or from Council Tax payers, other than for strictly defined purposes, are not permitted.

	Notes	2000/2001 £'000	1999/2000 £'000
INCOME			
Dwelling rents	1	17,818	16,850
Non-dwelling rents		604	538
Charges for services and facilities		804	691
Other Income		1,294	1,180
Government Subsidy	2	4,265	4,589
Mortgage interest		43	55
Interest on cash balances		269	171
Total Income		25,097	24,074
EXPENDITURE			
Supervision & management		5,259	5,056
Repairs & maintenance	3	3,974	3,866
Rents, rates & other charges		167	206
Housing Benefits	4	10,634	10,158
Capital Expenditure charged to revenue	5	-	1,016
Provision for bad debts	6	334	167
Capital financing charges	7	3,457	3,746
Gross Expenditure		23,825	24,215
(Surplus)/Deficit for the year before use of balances	8	(1,272)	141
Capital expenditure met from accumulated balances	5	-	653
(Surplus)/Deficit for the year after use of balances	8	(1,272)	794
HOUSING REVENUE ACCOUNT BALANCE			
Balance at the beginning of the year		(3,752)	(4,546)
(Surplus)/Deficit for the Year		(1,272)	794
Balance at the End of the Year	8	(5,024)	(3,752)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2001

This statement shows the financial position of the Council as a whole and summarises its assets and liabilities.

	Notes	31 March 2001 £'000	31 March 2000 £'000
Fixed Assets			
Operational Assets			
Council Dwellings		230,394	151,687
Other Land & Buildings		40,730	41,054
Vehicles, Plant and Equipment		3,483	3,544
Infrastructure Assets		2,715	2,669
Community Assets		52	18
Non-Operational Assets		35,785	35,465
Total Fixed Assets	1 & 2	313,159	234,437
Deferred Charges	3	206	309
Deferred Premiums	4	634	537
Investments (long term)	5	41	46
Long Term Debtors	6	687	1,944
Total Long Term Assets		314,727	237,273
Current Assets			
Stock	7	379	389
Work in Progress	7	91	94
Debtors	8	8,718	7,515
Investments (short term)		36,243	30,496
Total Current Assets		45,431	38,494
Current Liabilities			
Short Term Borrowing		(2,286)	(34)
Creditors	9	(10,334)	(9,370)
Cash Overdrawn		(1,443)	(930)
Total Current Liabilities		(14,063)	(10,334)
Net Current Assets		31,368	28,160
Long Term Borrowing	10	(43,856)	(43,692)
Capital Contributions - deferred		(1,855)	(1,036)
Deferred Credits	11	(446)	(1,682)
Provisions	12	(4,927)	(5,273)
Total Net Assets		295,011	213,750
<i>Represented by:</i>			
Fixed Asset Restatement Reserve	13	202,217	127,344
Capital Financing Reserve	14	76,287	73,364
Usable Capital Receipts Reserve	16	2,633	119
Earmarked Reserves	17	5,684	5,712
Revenue Balances	18	8,190	7,211
Total Equity	19	295,011	213,750

NOTES TO THE STATEMENT OF CAPITAL EXPENDITURE & FINANCING

■ 1. Committed Capital Contracts

The following significant contracts have been entered into by the Council at 31 March 2001 for which the committed sums of £8.4 million shown below are yet to be reflected in the accounts.

	Total Anticipated Contract Expenditure £'000	Less Total Expenditure to 31 March 2001 £'000	Committed Contracts as at 31 March 2001 £'000
Council Housing			
Upgrading Stock	4,237	425	3,812
Environmental Improvements	366	20	346
Adaptation for Disabled	95	5	90
Registered Social Landlords' Schemes	1,066	170	896
Mainframe Migration Project	1,600	578	1,022
New Enterprise Centre	1,340	500	840
Closing the Harbour	1,108	26	1,082
Hollytrees Museum Redisplay	630	300	330
	10,442	2,024	8,418

Where a significant element of an overall project has been contracted by 31 March the full project cost is included above even if some elements were not contracted until after 31 March.

■ 2. Approved Capital Schemes

In addition to the above contracts the following significant schemes, with a total estimated value of £2.342 million, had been approved to proceed but had not been contracted at 31 March 2001.

	Approved but not contracted as at 31 March 2001 £'000
Council Housing - Upgrading stock	1,006
Registered Social Landlords Schemes	1,336
	2,342

■ 3. Leasing

The use of items acquired through leasing are not shown as capital expenditure. Leasing rentals are charged to operating costs in revenue (See Note 17, page 16).

NOTES TO THE HOUSING REVENUE ACCOUNT

■ 1. Dwellings Rents and Analysis of the Housing Stock

The Account shows the total rent income collectable for the year after an allowance has been made for empty properties. On the 31 March 2001 1.61% of lettable properties were vacant.

The average weekly rent as at the 31 March 2001 was £48.92 compared with £45.20 as at 31 March 2000. This represents an average increase of 8.23% on the previous year.

The Council was responsible for the management of approximately 7,100 properties during the year. The stock at the year end was made up as follows:

	2000/2001	1999/2000
Analysis by Type of Dwelling:		
Houses	2,679	2,801
Flats & Maisonettes	3,547	3,588
Bungalows	834	835
Total Dwellings	7,060	7,224
Analysis by Number of Bedrooms:		
Bedsitters/1 Bedroom	2,734	2,744
2 Bedrooms	2,088	2,139
3 Bedrooms	2,131	2,228
4 or more bedrooms	107	113
Total Dwellings	7,060	7,224

The change in stock can be summarised as follows:

	2000/2001	1999/2000
Stock at the beginning of the year	7,224	7,417
Add: Acquisitions, etc.	1	1
	7,225	7,418
Deduct: Sales, demolitions, conversions etc.	165	194
Stock at the End of the Year	7,060	7,224

■ 2. Housing Subsidy

The Government pay a subsidy to the Housing Revenue Account. The amount of subsidy received is based on a notional amount which represents the Government's assessment of what the Council should be collecting and spending.

■ **3. Repairs and Maintenance**

Repair schemes invariably overlap financial years. A sum of £530,000 was brought forward from 1999/2000 and a sum of £285,700 has been carried forward to 2001/2002.

■ **4. Housing Benefits**

Under the Housing Benefits Scheme, assistance with rents is available for those on low incomes. Some 60% (as 1999/2000) of the rents collected is made up of benefits paid to tenants. At the end of the year 64% (1999/2000 = 65%) of tenants were in receipt of Housing Benefit.

■ **5. Capital Expenditure Charged to Revenue**

This represents the cost of capital works spent on Council housing which have been funded from revenue. In addition to an annual contribution (£1.340 million agreed for 2000/2001) the Council has decided to further supplement the resources available for capital by using part of the accumulated revenue balance to support the Housing Investment Programme. Neither the annual contribution or the accumulated balance were required for this purpose in 2000/2001 and they will thus be carried forward to support capital spending in future years.

■ **6. Sums Due from Tenants**

	2000/2001 £'000	1999/2000 £'000	Change £'000
Rent and Housing Benefit Overpayments Arrears (current & former tenants)			
Gross balance as at 31 March	1,405	1,148	257
Bad debts provision	1,112	847	265

■ **7. Capital Financing Charges**

The Council is required to set aside a minimum revenue provision for the repayment of Housing Revenue Account debt equal to 2% of net indebtedness, this being loans outstanding less the provision made for meeting credit liabilities. Interest is charged to the Housing Revenue Account on the basis of this net indebtedness at a "consolidated interest rate" derived by a formula specified by the Department of Transport, Local Government and the Regions.

These charges are analysed below:

	2000/2001 £'000	1999/2000 £'000
Interest per DTLR Formula	2,731	2,959
2% Minimum Revenue Provision	682	743
Debt Management Expenses	44	44
Capital Financing Charges	3,457	3,746

This statement identifies capital expenditure during the year, and how that expenditure was financed.

	2000/2001 Total £'000
Fixed Assets:	
Improvements to Council Housing	2,239
Investment in Information Technology	783
New Enterprise Centre	500
Museum developments	387
Council Office Improvements	315
Traffic Management schemes	243
Preparing land for development	183
Sport & Playground developments	167
Buying land and buildings	155
Other schemes	176
Total Fixed Assets	5,148
Capital Expenditure not Resulting in Fixed Assets:	
Renovation Grants	1,321
Grants to Registered Social Landlords	681
Grants for Health and Community Centres	340
Conservation Area Partnership Grants	126
Other	120
Total Capital Expenditure not Resulting in Fixed Assets	2,588
Total Capital Expenditure	7,736
Less Net Capital Accruals	(468)
Total Capital Expenditure to be Financed	7,268
Financed by:	
Borrowing (use of Credit Approvals)	4,107
Application of Capital Receipts	1,896
Application of Heritage Reserve	15
Direct Revenue Funding	-
Grants and Contributions	1,229
Renewal and Repairs	21
Total Financing	7,268

■ 5. Precepts

These are cash sums demanded from the Collection Fund by the authorities named below in order to finance their activities.

	2000/2001 £'000	1999/2000 £'000
Essex County Council	34,108	31,276
Colchester Borough Council	5,902	5,417
Essex Police Authority	3,577	3,400
Total Precepts	43,587	40,093

■ 6. Council Tax Surplus/Deficit

Any surplus or deficit on the Fund is shared between the authorities in proportion to their precept on the Fund and will impact directly on the Council Tax of following years.

The previous years cumulative surplus on Council Tax has been distributed to Essex County Council, Essex Police Authority and this Council in proportion to the value of the respective precepts made by the three Councils on the Collection Fund in 1999/2000. The difference between the surplus achieved and distributed is because the surplus is distributed on an estimated basis.

	2000/2001 £'000	1999/2000 £'000
Essex County Council	162	232
Colchester Borough Council	28	41
Essex Police Authority	18	26
Total Distributed	208	299

■ 7. Community Charge

Community Charge was replaced by the Council Tax from 1 April 1993. However, the Council continues to collect and account for Community Charges raised in earlier years. The income to the Fund reflects the level of collections achieved in 2000/2001.

■ 8. Distribution to Colchester Borough Council

Upon the transition to Council Tax on 1 April 1993 the deficit on the Collection Fund was required to be made good by contributions from this Council's General Fund. This was achieved during 1996/97. The income for Community Charge (Note 7) has been used by the Council to reduce the level of Council Tax in subsequent years.

■ 8. Revenue Balances

Out of the revenue balance of £5.0million a sum of £4.4 million has already been committed for specific future use.

	2000/2001 £'000	1999/2000 £'000
Revenue balance at the beginning of the year	3,752	4,546
Add: Housing Revenue Account Surplus 2000/2001	1,272	(141)
Less: Use of accumulated balance (Note 5)	-	(653)
Revenue balance at the end of the year	5,024	3,752
Less: committed sum		
Housing Investment Programme 2001/2002 & Future Years	(3,980)	(2,640)
Estimate balance carried forward	(286)	(530)
Earmarked for Replacement of Housing Computer System	(32)	(32)
Earmarked Surplus on Housing Management Contract (note 9)	(150)	(154)
Uncommitted balance	576	396

■ 9. Colchester Borough Homes

	2000/2001 £,000	1999/2000 £,000
Income		
Chargeable to other accounts of the local authority	1,514	1,496
External Income	1	-
Total Income	1,515	1,496
Expenditure		
Labour	1,187	1,105
Materials and Direct Purchases	170	98
Transport and Plant	28	27
Other Overheads	134	112
	1,519	1,342
Deficit/(Surplus) for the year earmarked within balances (Note 8)	4	(154)

This account represents year two of a three year Housing Management Contract which was awarded to Colchester Borough Council on 30 November 1998. The costs incurred are included within the HRA Account on page 17.

Further Information

The Authority is required to provide tenants with information on its effectiveness in housing management services. This information is available from the Housing & Community Partnership Division.

DIRECT SERVICE ORGANISATION
COLCHESTER DIRECT SERVICES SUMMARY REVENUE
ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

The Council established Colchester Direct Services (C.D.S.) in October 1988 to take over the direct service operations of the Council. Control over C.D.S. is exercised by the Environment and Transport Portfolio. The income and expenditure for Colchester Leisure World is shown in a separate table on page 22.

The Summary Revenue Account brings together the accounts for those activities which were within the scope of the Local Government Planning and Land Act 1980, and the Local Government Act 1988. A distinction is made between those activities which were subject to compulsory competitive tendering (statutory) and those which were not (non-statutory).

	Non-Statutory £'000	2000/2001 Statutory £'000	Total £'000	Non-Statutory £'000	1999/2000 Statutory £'000	Total £'000
INCOME						
Charges to other accounts of the local authority	1,387	6,456	7,843	1,315	5,077	6,392
External Income	197	109	306	185	73	258
Total Income	1,584	6,565	8,149	1,500	5,150	6,650
EXPENDITURE						
Labour	180	3,008	3,188	177	2,634	2,811
Materials and Direct Purchases	222	970	1,192	190	1,120	1,310
Sub-contractors	32	1,745	1,777	33	678	711
Transport & Plant	921	656	1,577	860	522	1,382
Overheads	56	377	433	57	415	472
Capital Charges	183	119	302	215	88	303
Interest Payable on Stock	-	10	10	-	9	9
Expenditure before work in progress	1,594	6,885	8,479	1,532	5,466	6,998
Movements on work in progress	-	3	3	-	(82)	(82)
Total Expenditure	1,594	6,888	8,482	1,532	5,384	6,916
Trading Deficit for the Year	10	323	333	32	234	266
Other Non-trading Expenditure:						
Provision for Obsolete Stock	-	60	60			
Severance Payments	-	80	80	1	20	21
Deficit for the Year	10	463	473	33	254	287
Deficit Transferred to Consolidated Revenue Account			473			287

3. Band D Council Tax

The basic Band D Council Tax, including parishes, for this Council and each of the other Essex districts is as follows:

Authority	Population	District Spend per head	Band D Council Tax
Basilidon	166,286	131.71	869.59
Colchester	158,755	100.51	828.07
Chelmsford	155,050	101.10	842.32
Tendring	135,333	109.35	825.42
Braintree	132,294	100.85	838.42
Epping Forest	120,718	111.57	835.08
Castle Point	84,832	100.69	863.91
Rochford	78,273	92.51	847.49
Harlow	76,146	168.65	924.87
Brentwood	71,500	107.94	819.78
Uttlesford	69,760	101.35	841.31
Maldon	57,266	97.72	823.93

4. National Non-Domestic Rate (NNDR) Income

Non-domestic rates are organised on a national basis. The Government specifies an amount (43p in 2000/2001) and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value assigned to the property that they occupy by that amount. The Council is responsible for collecting rates due from business ratepayers in its area but pays the proceeds into a National Pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

	2000/2001 £'000	1999/2000 £'000
NNDR Income		
Bills Issued	38,917	36,599
Mandatory Reliefs	(1,315)	(1,878)
Discretionary Reliefs	(100)	(88)
Provision for Bad Debts	(406)	(227)
Net Income	37,096	34,406
General Fund contribution to Discretionary Reliefs	53	45
NNDR Income to Income & Expenditure Account	37,149	34,451
Cost of Collection Allowance	(257)	(251)
Amount Payable to NNDR Pool	36,892	34,200

The total non-domestic rateable value at the 31 March 2001 was £109,859,849, the multiplier for the year was 43p. The product of this is £47,240,000. This represents potential income at a point in time, the year end, and thus differs from bills issued during the year due to relief for empty properties, transitional relief, partial relief, changes in rateable value and movements in the property base.

NOTES TO THE COLLECTION FUND ACCOUNTS

■ 1. Council Tax Income

The Council set an average Band D Council Tax, including parishes, of £828.07 with an estimated tax base of 52,636 Band D equivalent properties. The Council Tax income can be analysed as follows:

	2000/2001 £'000	1999/2000 £'000
Council Tax Income		
Tax Payers	39,896	36,289
Council Tax Benefits transferred from General Fund	4,156	4,123
Contribution to Council Tax Benefit Subsidy Limitation:		
Essex County Council	189	52
Colchester Borough Council	18	-
Transitional Relief	-	1
	44,259	40,465

In 1999/2000, the Government introduced a scheme to limit council tax benefit subsidy. Up until that point, subsidy had normally been paid to billing authorities at a level of 95% of the benefits awarded to persons liable for council tax. The other 5% was met by the billing authority. However, from 1999/2000, billing and precepting authorities setting council tax above Government guidelines have been required to meet a proportion of the increase in benefits awarded because of their higher tax level. Essex County Council and Colchester Borough Council (see note 4, page 8) both made contributions under the scheme in 2000/2001.

■ 2. Council Tax Base

The Council's Tax Base is the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

Band	Chargeable Dwellings	Estimated Properties after discounts – exemptions etc.	Ratio to Band D	Band D Equivalent Dwellings
A	7,267	6,038	6/9	4,026
B	15,855	14,095	7/9	10,963
C	16,201	14,858	8/9	13,207
D	10,357	9,601	9/9	9,601
E	5,997	5,707	11/9	6,975
F	2,903	2,775	13/9	4,008
G	1,917	1,831	15/9	3,051
H	119	109	18/9	218
				1,119
				53,168
				(532)
				52,636

INCOME

Charges to other accounts of the local authority
External Income

Total Income

EXPENDITURE

Labour
Materials and Direct Purchases
Transport and Plant
Other Overheads
Interest Payable on Stock Balances

Total Expenditure

Deficit/(Surplus) Transferred to Consolidated Revenue Account

	2000/2001 Statutory £'000	1999/2000 Statutory £'000
Charges to other accounts of the local authority	73	82
External Income	2,704	2,373
Total Income	2,777	2,455
Labour	1,730	1,550
Materials and Direct Purchases	919	803
Transport and Plant	6	4
Other Overheads	149	173
Interest Payable on Stock Balances	1	1
Total Expenditure	2,805	2,531
Deficit/(Surplus) Transferred to Consolidated Revenue Account	28	76

NOTES TO THE DIRECT SERVICES ORGANISATIONS SUMMARY REVENUE ACCOUNTS

1. Staffing

The average workforce expressed in full-time equivalents employed on the statutory activities is shown below:

	2000/2001	1999/2000
Statutory Activity		
Engineering and Building Services	26	26
Grounds Maintenance	0	6
Transport Work	6	5
Refuse Collection and Street Cleansing	103	96
Building Cleaning	23	20
Leisure Management	108	87

2. Trading Results

The DSOs are subject to the same duty of Best Value as other Council services and aim to at least break-even. The Engineering and Grounds Maintenance services were closed during the year and the resultant costs are included in these services results. The results achieved during the year were as follows:

	2000/2001 (Surplus) Deficit £	1999/2000 (Surplus) Deficit £
Statutory Activity		
Engineering and Building Services	373,760	145,625
Grounds Maintenance	69,646	58,757
Transport work	(2,282)	57,227
Refuse Collection and Street Cleansing	29,959	(2,652)
Building Cleaning	(6,975)	(4,584)
Leisure Management	28,476	76,102

3. Further Information

Further information on the Accounts can be found within the separate reports. These reports are available on request from the Director of Environmental Services, Town Hall, High Street, Colchester and for Leisure Management, from Colchester Leisure World, Cowdray Avenue, Colchester.

The Collection Fund accounts independently for income relating to the Council Tax and non-domestic rates on behalf of those bodies (including this Council) for whom the income has been raised.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2000/2001 £'000	1999/2000 £'000
INCOME			
Council Tax	1 - 3	44,259	40,465
Non Domestic Rates	4	37,149	34,451
Total Income		81,408	74,916
EXPENDITURE			
Precepts	5	43,587	40,093
<i>Non-Domestic Rates:</i>			
Payment to National Pool	4	36,892	34,200
Cost of Collection Allowance		257	251
<i>Bad and Doubtful Debts:</i>			
Write-offs - Council Tax		-	-
Provisions - Council Tax		260	251
Total Expenditure		80,996	74,795
Surplus for the Year - Council Tax	6	(412)	(121)
Distribution/(Collection) of Previous Estimated Surplus/Deficit	6	208	299
Net adjustments for previous year's Community Charges	7	(3)	(20)
Distribution to Colchester Borough Council from estimated Collection Fund surplus (Community Charge)	8	5	74
Deficit/(Surplus) for the Year		(202)	232
Collection Fund Balance			
Balance at the beginning of the Year		(114)	(346)
Deficit/(Surplus) for the year		(202)	232
Balance at the End of the Year		(316)	(114)